



Photo: Foley Public Library Memory Rock Garden

# City of Foley, Alabama

Popular Annual Financial Report

For the year ended September 30, 2022



## About this Financial Report

The Foley Financial Services Division is pleased to present the City of Foley's Popular Annual Financial Report (PAFR). The purpose of the PAFR is to present a user friendly summary of the City's financial operations. It is designed to make the City's finances easier to understand and to communicate to citizens where dollars come from and how they are spent.

Information in the PAFR is taken from the City's Annual Comprehensive Financial Report (ACFR) that is prepared in conformance with Generally Accepted Accounting Principles (GAAP) and includes financial statements. The GAAP basis of presentation in the ACFR includes the City's component units and individual funds, as well as the notes to the financial statements that disclose all financial and non-financial material events. Unlike the ACFR, the PAFR excludes component units in order to focus on the primary government and the new Sanitation Proprietary Fund.

The ACFR, PAFR and the City's most recent budget (FY2023) can be found at the web address below. Questions about any of the reports or requests for additional financial information should be addressed to the City of Foley Finance Director, P.O. Box 1750, Foley, Alabama, 36536.

<https://cityoffoley.org/finance/>

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You can stay up to date on all City news by signing up to receive the City's E-newsletter at <https://visitfoley.com/>.

## Government Finance Officers Association Awards

The City has received the GFOA Triple Crown for 3 consecutive years



### Certificate of Achievement of Excellence in Financial Reporting

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting (valid for one year only) to the City of Foley, Alabama, for its annual comprehensive financial report for the fiscal year ended September 30, 2021. This was the ninth consecutive year that the City achieved this prestigious award.

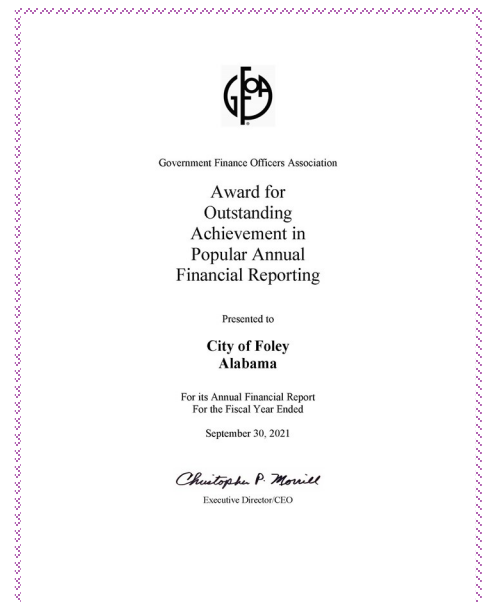
### Distinguished Budget Presentation Award

The Government Finance Officers Association (GFOA) awarded a Distinguished Budget Presentation Award (valid for one year only) to the City of Foley, Alabama, for its fiscal year 2022 budget. This was the fourth year that the city achieved this prestigious award. The City has submitted the fiscal year 2023 budget for consideration.

### Popular Annual Financial Report

The Government Finance Officers Association (GFOA) has given an award for Outstanding Achievement in Popular Financial Report for the fiscal year ended September 30, 2021. This was the third consecutive year that the City achieved this prestigious award.

We believe the current report conforms to the Popular Annual Financial Report requirements, and we are submitting it to the GFOA.



## Our Community

Our community was named for its founder, Chicago businessman John B. Foley, who in 1901 purchased between 40,000 and 50,000 acres of land in the area and sold it through the Magnolia Land Company. He persuaded the Louisville and Nashville Railroad to run a spur to the area by promising to pay for the crossties needed for the line. By 1905, the town was large enough to warrant a post office, and it was incorporated in 1915. Foley was primarily a farming community served by the L & N Railroad via a depot and warehouse for farm products, notably potatoes. The current Depot serves as a museum and was constructed in 1909 to replace the original 1905 depot that was destroyed by fire.

Our city government operates under a strong council-weak mayor form of government. The council is presided over by a president who is chosen by the council members and is also a voting member of the council. The council votes on municipal ordinances to set rules, laws or statutes and resolutions to establish policies or order that a specific action be taken. The mayor is not a voting member of the council, although all ordinances and resolutions are subject to the mayor's veto power, which can then be overridden by a two-thirds vote of the council.

Services provided to residents and businesses include general administration, sales and other local tax collection, police and fire protection, building inspections, licenses and permits, emergency preparedness and response, refuse collection, construction and maintenance of highways, streets and related infrastructure, recreational and leisure activities and cultural enrichment and a general aviation airport. City employees currently service an estimated population of 23,468 over a thirty-four square mile radius.



### City of Foley 2022 Council

Vera Quaites / Richard Dayton / Wayne Trawick, Council President / Ralph Hellmich, Mayor / Rick Blackwell / Charlie Ebert III, Council President Pro Temp

### Sister City—Hennef, Germany

The City of Foley has partnered with Hennef, Germany through the sister city program which was launched in 1956 by President Dwight D Eisenhower. This program allows similar cities from different countries to engage in long-term educational, municipal, professional, technical and youth projects of mutual interest, thereby increasing understanding at all levels of the community.

Hennef covers 105 square kilometers (40.54 square miles), has a population of approximately 49,000 and is located on the River Sieg in the Rhein-Sieg district of Germany's most populous state, North Rhine-Westphalia. It is a lovely combination of urban and rural and is also known as the Town of 100 Villages because it houses nearly 100 districts and former independent townships within its political borders. There are miles of well-marked hiking and biking trails that allow enjoyment of the river valley, open meadows, and wooded areas with ease. Hiking, local recreation, sports clubs and golf all are enjoyed by the population.



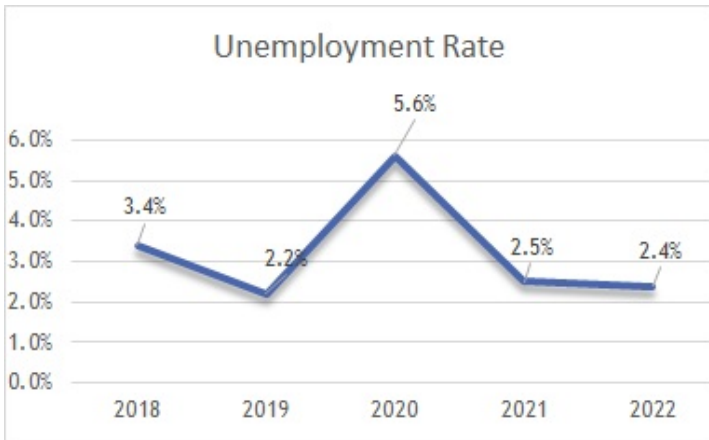
For more information about Hennef and the Sister City program please visit. <https://cityoffoley.org/sister-city/>.

# Local Economy

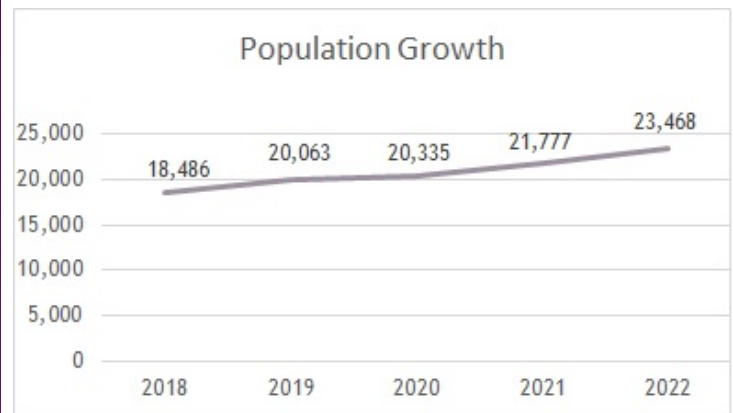
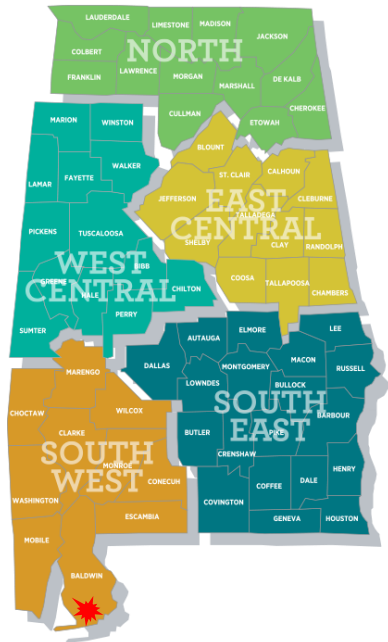
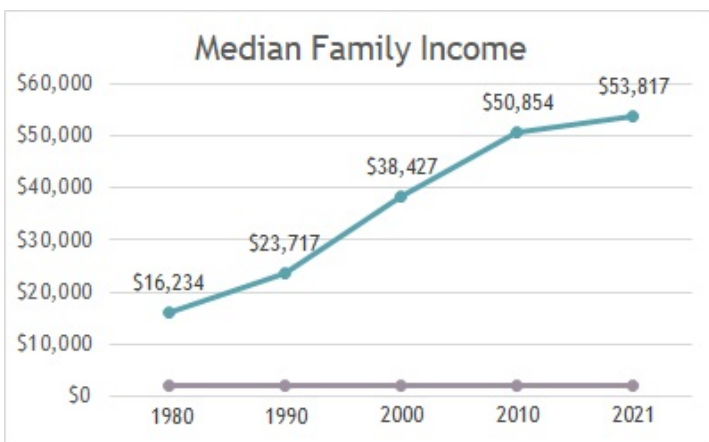
As a City in southern Baldwin County, our close proximity to beautiful white sandy beaches means that tourism plays an important role in our economy. According to the Alabama Department of Tourism's 2021 Economic Impact Report, Baldwin County's estimated 8 million visitors represented 28.4% of all visitors to the State. In addition, travel-related spending totaled \$7.3 billion, while total travel-related direct and indirect earnings of \$2.4 billion represented 35.9% of the statewide total. Baldwin County's total direct and indirect travel related employment of 63,628 represented 28% of all Alabama travel related employment.



In addition to the tourism and retail industries, other major employment opportunities for residents include health care and manufacturing jobs.



Foley's unemployment rate is 0.3% lower than Alabama's 2.7% and 1.3% lower than the U.S. National Average.



Foley's population has increased by 4,982 or 27% , in the last five years.

### Did you know:

City Council meetings are held on the first and third Monday of each month. Currently, work sessions and council meetings have been combined and begin at 4:00 pm in the Council Chambers. *Dates and times may be affected by holidays or other events.*  
<https://cityoffoley.legistar.com/Calendar.aspx>

Meetings are open to the public.

# General Financial Information

Most City services and projects are accounted for in a category referred to as Governmental Funds. Governmental Funds are typically used to account for tax supported governmental activities and are divided into four categories.

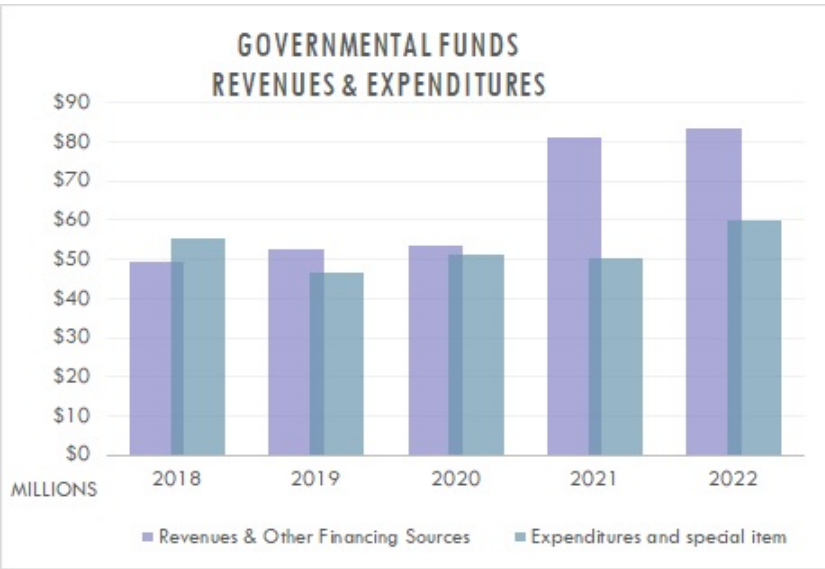
**General Fund** accounts for revenues and expenditures associated with the general operations of the City that are not required to be accounted for in separate funds.

**Capital Project Funds** account for acquiring and/or constructing facilities, roads, drainage systems and other major capital improvements.

**Special Revenue Funds** account for proceeds of specific revenue sources that are restricted, committed, or assigned for specific purposes.

**Debt Service Funds** account for the accumulation of resources to be used for payment of principal and interest on general long-term debt.

As of September 30, 2022, the City's Governmental Funds reflected a combined fund balance of \$60,784,072, an increase of \$23,496,477 from the prior year. Revenues and expenditures increased in fiscal year 2022 as a result of increased grants, sales & use taxes, licenses & permits, and Hurricane Sally recovery.



<b>Sanitation Fund</b>	9/30/2022
Assets & deferred outflows	
Current assets	\$749,935
Capital assets, net	2,303,336
Deferred outflows	213,720
<b>Total assets and deferred outflows</b>	<b>\$3,266,991</b>

Liabilities and deferred inflows	
Current liabilities	\$101,774
Long-term liabilities	1,702,846
Deferred outflows	112,810
<b>Total liabilities and deferred inflows</b>	<b>\$1,917,430</b>
<b>Net position</b>	<b>\$1,349,561</b>

## Propriety Fund—Sanitation

Effective this year, the City began collecting commercial sanitation. All income and cost for the collection of both residential and commercial sanitation are now tracked in a Proprietary Fund. This type of fund is considered a self-supporting fund, in that the charges billed are enough to cover the costs for the services provided.

Prior to this year, these revenues and expenses for were included in the General Fund. The General Fund will be reimbursed for the \$1.2 million of startup cost as funds become available.

Revenues & Expenses	
Charges for Services	\$ 3,836,822
Operating Expenses	3,703,211
<b>Operating income (loss)</b>	<b>133,611</b>
Contributions/transfers from general fund	1,215,950
<b>Total increase in Net Position</b>	<b>1,349,561</b>
Beginning Net Position	0
<b>Ending Net Position</b>	<b>\$ 1,349,561</b>

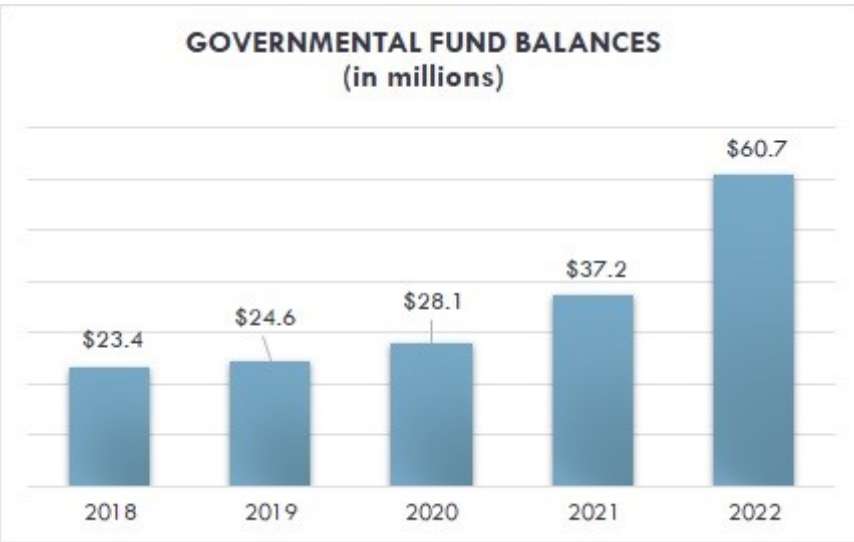
# Fund Balance

A key measure of the City’s overall financial health is Fund balance. Fund balance is the difference between assets and liabilities and deferred inflows. For fiscal year ended September 30, 2022, the City’s fund balance for all Governmental Funds totaled approximately \$60.7 million.

The Balance Sheet presents information about the assets, liabilities, deferred inflows and fund balance. Assets are what the City has, owns or amounts owed to the City. Liabilities are what the City owes or any debt they are legally required to pay. Deferred inflows are assets that will be recognized in future periods, such as lease receivables that will be received in future years. A positive fund balance reflects the solvency or health of the City’s finances.

Fiscal year 2022 fund balance increased as a result of increased capital grants, increases in sales and use taxes collected, increased licenses and permits and approximately \$1 million from the sale of capital assets.

Assets	9/30/2022
Cash & Investments	\$ 56,519,314
Receivables	10,816,435
Inventories & Prepaid Items	971,603
<b>Total Assets</b>	<b>\$ 68,307,352</b>
<b>Liabilities</b>	
Accounts Payable	\$ 6,406,035
Unearned Revenues	128,265
<b>Total Liabilities</b>	<b>\$ 6,534,300</b>
Deferred Inflows	\$ 988,980
<b>Total Fund Balance</b>	<b>\$ 60,784,072</b>



The City’s fund balance is broken into five categories: nonspendable, restricted, committed, assigned, and unassigned.

Nonspendable funds represent items such as inventories and prepaid items.

Restricted funds can only be used for specific purposes because of City Code, state or federal law, or conditions by grantors or creditors.

Committed funds can only be used for specific purposes determined by an ordinance of the City Council.

Assigned funds can only be used for purposes constrained by City Council.

Unassigned funds balance represents the residual amount of the balances that do not fall in any of the categories above.

## Contact Us

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 Foley, AL 36536  
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[www.cityoffoley.org](http://www.cityoffoley.org)

Apply for a job:

<https://cityoffoley.org/human-resources/>

Bid Information:

[www.cityoffoley.org/financial\\_services\\_division/purchasing/bids/surplus/bids&solicitations](http://www.cityoffoley.org/financial_services_division/purchasing/bids/surplus/bids&solicitations)

 @cityoffoleymunicipal  
 @visitfoley

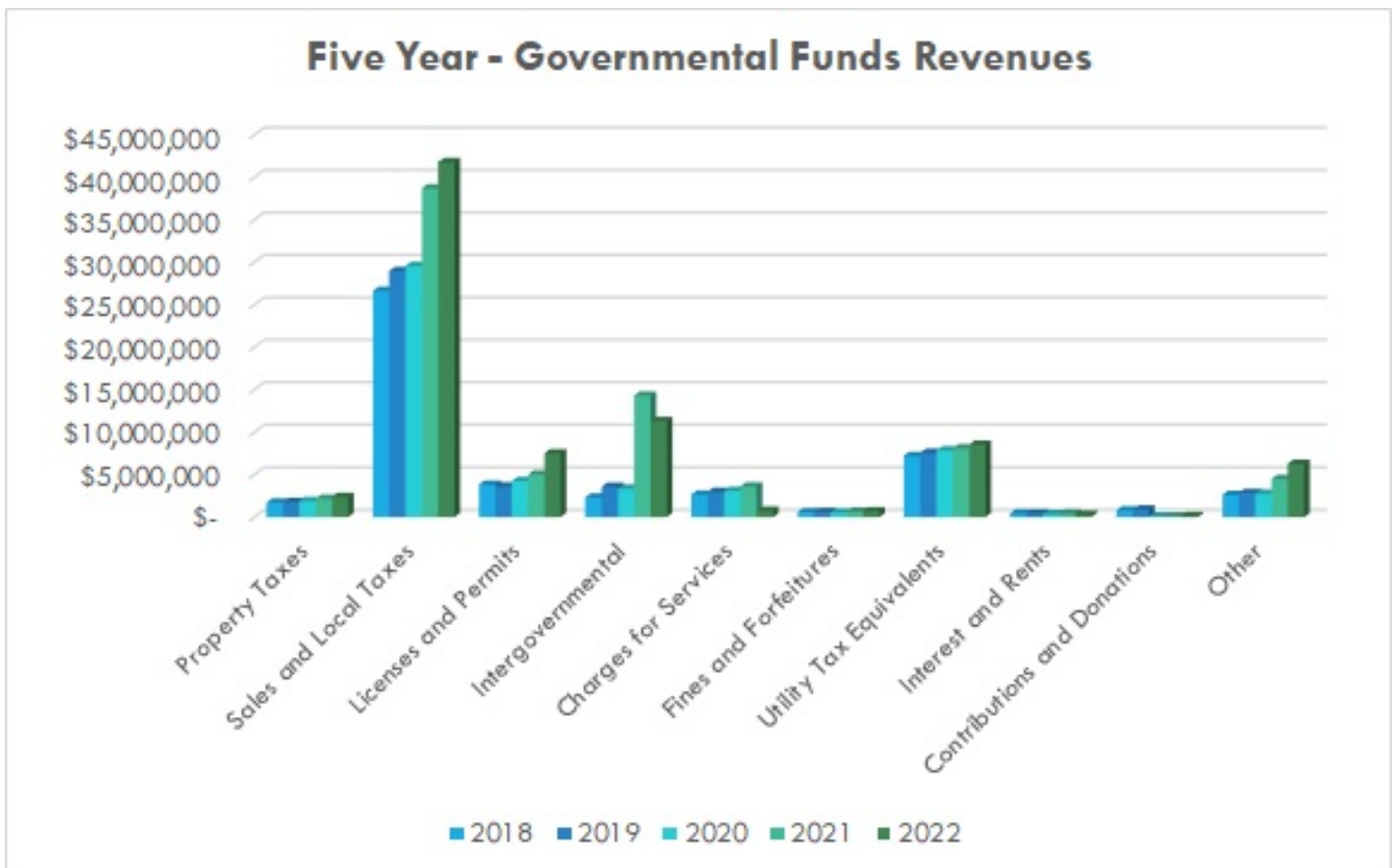
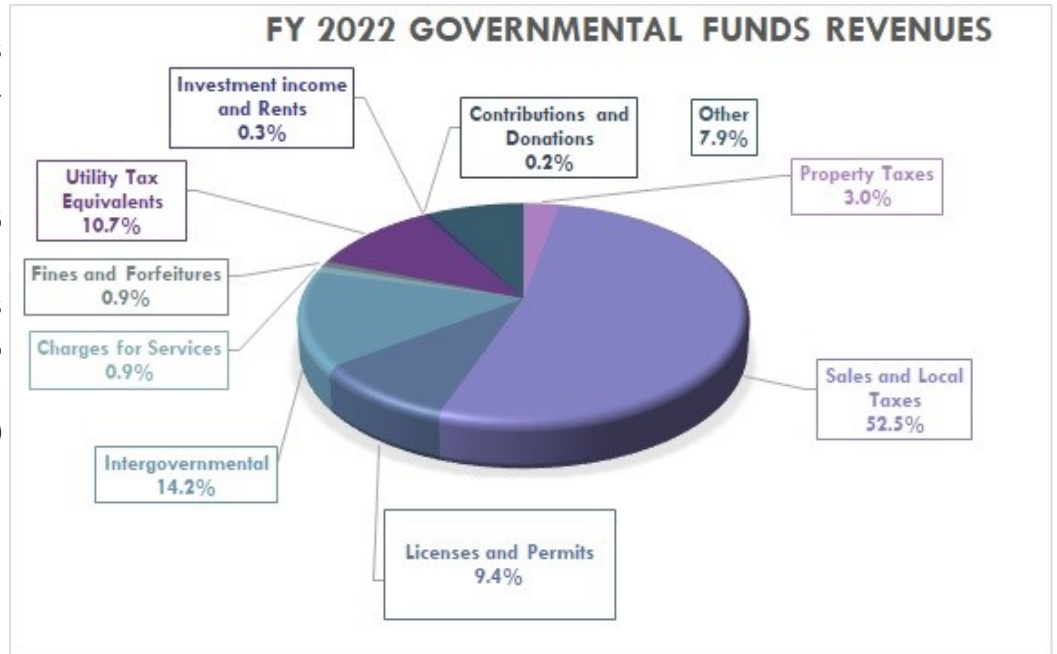


## Where the Money Comes From

The City uses money from taxes (property, sales, lodging, etc.) and fees (licenses, permits, etc.) to pay for governmental activities. Certain governmental activities (nature parks, recreational activities, etc.) require a fee or charge for the service.

The majority of money comes from sales & local taxes, utility tax equivalents, and licenses & permits. In 2022, the total revenue for Governmental Funds was \$79,620,252 an increase of \$2,068,067 from 2021.

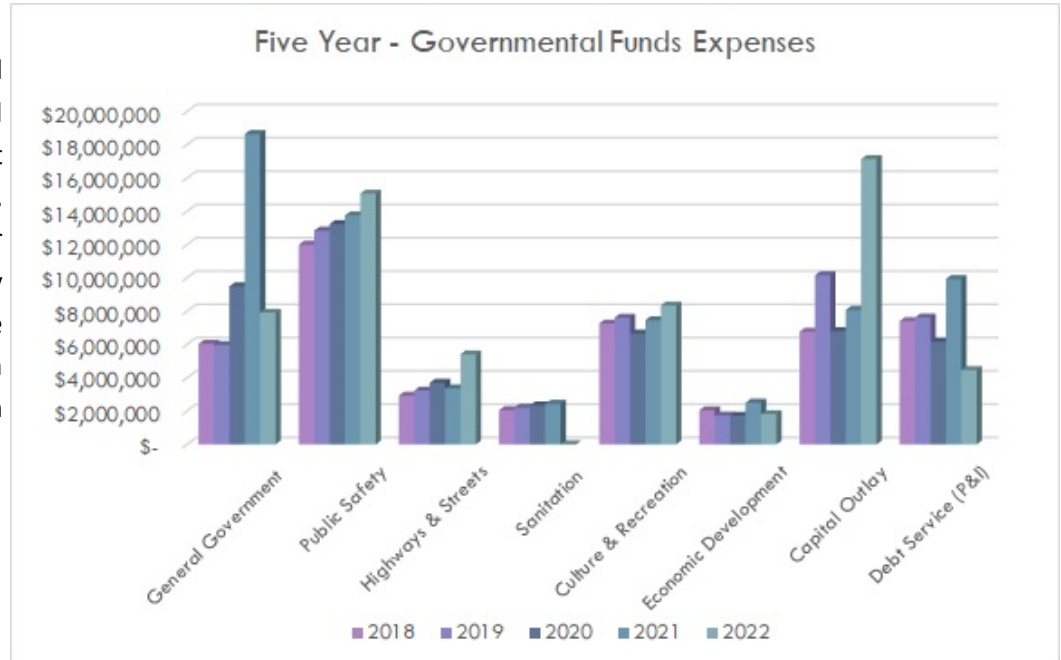
Sales and local taxes are the City's primary sources of unrestricted revenue. Fiscal year 2022 sales and local taxes increased by approximately \$3 million or 8%. License and permits increased by approximately \$2.4 million or 49%. The City received approximately \$11.3 million in grants which funded almost \$6 million in capital projects, \$3.25 million in FEMA reimbursements for Hurricane Sally costs, \$1.6 million in American Rescue Plan (COVID-19) Funding and \$450 thousand in operational grants.



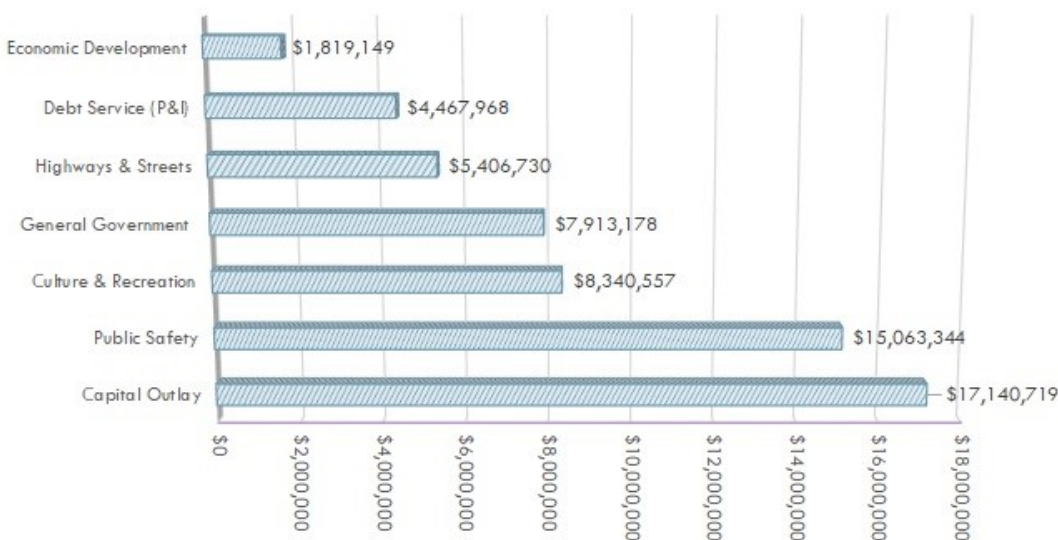
## Where the Money Goes

The City of Foley provides a multitude of services for residents, businesses and visitors through its public safety, culture & recreation, economic development, and highways & streets functions of government. In 2022, the largest parts of the expenses were used for public safety and capital outlay. General Government expenses decreased from prior year as a result of Hurricane Sally clean up and costs associated with the COVID-19 pandemic that occurred in fiscal year 2021. Debt service expenditures decreased as a result of two bond refundings during the year and several bonds and notes paid off in the prior year. All sanitation expenses moved to a Propriety Fund. The total expenditures were \$60,151,645, a decrease of \$4,035,713 from 2021.

The \$17 million spent for capital outlay included substantial investment for police and street department equipment, completion of airport T-Hanger replacement after Hurricane Sally damage, the purchase of multiple pieces of land and the completion of various road and recreation projects.



## FY 2022 GOVERNMENTAL FUND EXPENDITURES BY FUNCTION





## Understanding the City's Debt & Bond Rating

The following is a summary of the City's outstanding debt as of September 30, 2022. There was a total net reduction in debt of \$2,999,481.

2022 Total Outstanding Debt		
General Obligation Bonds	\$ 38,346,223	68.28%
Installment Purchases	2,383,121	4.24%
Special Revenue Bonds	15,429,837	27.48%
<b>Total Outstanding Debt</b>	<b>\$ 56,159,181</b>	<b>100%</b>



Moody's	S&P	RATING CATEGORIES
<b>SECURE RANGE:</b>		
Aaa	AAA	<b>PRIME:</b> Superior financial security. Highest safety.
Aa1	AA+	<b>HIGH GRADE:</b> Excellent financial security. Highly safe.
Aa2	AA	
Aa3	AA-	
A1	A+	<b>UPPER MEDIUM GRADE:</b> Good financial security. More susceptible to economic changes than highly rated companies.
A2	A	
A3	A-	
Baa1	BBB+	<b>LOWER MEDIUM GRADE:</b> Adequate financial security. More vulnerable to economic changes than highly rated companies.
Baa2	BBB	
Baa3	BBB-	
<b>VULNERABLE RANGE:</b>		
Ba1	BB+	<b>NON INVESTMENT GRADE:</b> Speculative. Capacity to meet long-term policies is vulnerable.
Ba2	BB	
Ba3	BB-	
B1	B+	<b>HIGHLY SPECULATIVE:</b> Vulnerable financial security.
B2	B	
B3	B-	
<i>Any rating below a "B" rating is extremely vulnerable and possibly in default status with little prospect for recovery and questionable ability to meet obligations.</i>		

The City currently maintains a Standard and Poor's rating of AA- and a Moody's Investors rating of Aa3. Rating agencies evaluate the economic well-being of an area from information such as the median income, how dependent the community is on certain employers or industries, the diversity of the tax base, the rate of population growth, stability of revenue, and outstanding debt. It is the goal of management to raise the City's rating by forecasting multiple year revenue and expense. Higher ratings allow the City to issue debt with lower interest rates, which reduces the total interest paid on bond issues.

## Major Capital Projects & Purchases

The City maintains a 10 year capital purchase and capital improvement plan which can be viewed on the City's website in the fiscal year 2023 budget. Below is a list of some of the larger projects and purchases that are currently underway or planned to begin during fiscal year 2023.

Project Name	Capital Purchases
9th Avenue Sidewalks (TAP grant)	Maintenance Department Service Truck
Airport T-Hangar & Access Taxiway Addition	Police Vehicles (10)
County Rd 12 & James Rd Turn Lane	Streets Sign Truck
First Responder Safe Room (HMPG grant)	15 Passenger Golf Cart
Highway 59 & County Rd 12 Improvements (ATRIP grant)	Various Departments/Funds Tractors
Highway 98 Multipurpose Sports Fields	Various Departments/Funds Mowers
Juniper St Extension	Various Departments/Funds Vehicles
New Library / Community Space	Custom Fire Pumper
Kids Park Upgrades	Sports Tourism Robotic Painter
Public Works Campus (New)	Sanitation Fund Flatbed Truck
Repave & Widen Foley Beach Express	Sanitation Fund Automated Garbage Truck
Drainage Improvements (various)	Sanitation Fund Small Garbage Truck

# Statistics & Operating Indicators

City Wide Statistics	
School Enrollment	4,120
Graduation Rate	81%
Square Miles	34 miles
Land Area	33.24 square miles
Water Area	3.77 square miles
Elevation	79 feet
Average Rain Fall	66 Inches
Street Lights Maintained	2,908
Miles of Streets Maintained	161 miles
Miles of Sidewalks Maintained	37 miles
City of Foley—Website Hits	246,666
Visit Foley—Website Hits	248,794

Population Demographics	As of July 2022
Male	45.3%
Female	54.7%
Under 5 years old	3.3%
Under 18 years old	15.1%
65 years and over	29.4%
White alone	85.1%
Black or African American alone	7.2%
Asian alone	1.3%
Hispanic or Latino	8.9%



The Street Department purchased a stand-on blower and Residential Sanitation purchased a knuckle boom loader.



The Parks Department completed a new bathroom building at Mel Roberts Park.



The Revenue Division purchased a Tesla.

Operating Indicators	
<b>General Fund Departments</b>	
Calls for Police service	21,559
Fire emergency response	2,596
Business license issued	3,944
Building permits issued	3,982
Environmental Permits Issued	600
Environmental Inspections	670
Youth Sports Offered	7
Youth Program Participates	1,352
Senior Center Members	619
Park Train Rides	10,039
Foley Depot Museum Visitors	20,903
Model Train Visitors	19,906
Library Patron Visits	137,258
Total Library Items Circulated	1,140,751
Tree City Program –trees planted	1,075
Horticulture Plants grown & planted	27,400
Sports Tourism Events Booked	73
Sports Tourism Event Attendance	51,665
Sports Tourism Visitors to Foley	151,574
Nature Parks Education Programs Booked	60
Nature Parks Education Program Attendance	2,500
Nature Parks Events Booked	34
Nature Parks Event Attendance	25,500
<b>Sanitation Fund</b>	
Tons of Residential Garbage collected	7,995
Number of Residential Cans in Use	8,790
Number of Commercial Dumpsters Accounts	444